

**Teachers' Retirement Board
Investment Committee
Open Session**

Subject: Real Estate - Performance fee Item Number: 6
 for AMB

Attachment(s): 2

Action: x Date of Meeting: May 6, 1998

Information: _____ Presenters: Mr. Pleis

EXECUTIVE SUMMARY

Real estate advisory contracts for the State Teachers' Retirement System (STRS) contain four separate fee components - acquisition fees, asset management fees, disposition fees, and incentive fees. The primary purpose of the incentive fee is to reward an advisor for acquiring, managing, and selling real estate investments, which in aggregate, exceeds their designated benchmark - 5% real rate of return (5% over the rate of inflation as measured by the Consumer Price Index). Upon exceeding their benchmark return, the advisor participates in 10% of the excess value. STRS has not paid an incentive fee to any of their real estate advisors to date.

AMB Realty Advisors (AMB) submitted an invoice for approval by the Investment Committee.

Subsequent to the April Investment Committee meeting, Staff and AMB met to discuss the incentive fee and mutually agreed upon an incentive fee of \$4,500,000. AMB's invoice is shown as Attachment #1.

Staff and Pension Consulting Alliance recommend the payment of the \$4,500,000 incentive fee to AMB. A resolution for this approval is shown at Attachment #2.

Please note: This attachment is not available in electronic format at this time.

PROPOSED
RESOLUTION
OF THE
TEACHERS' RETIREMENT BOARD
INVESTMENT COMMITTEE

SUBJECT: Payment of AMB Realty Advisors Incentive Fee

RESOLUTION NO.

WHEREAS, the Board is responsible for managing the Teachers' Retirement Fund (Fund), a Pension Fund; and

WHEREAS, the Board has delegated to the Investment Committee (Committee) the authority to enter into investment contracts for real estate advisory services; and

WHEREAS, AMB Realty Advisors (AMB), was retained to provide such services; and

WHEREAS, pursuant to their contract, AMB has submitted an invoice for an incentive fee in the amount of \$4,500,000 which must be approved by the Committee; and

WHEREAS, Staff and its consultant, Pension Consulting Alliance has recommended payment; therefore be it

RESOLVED, that the Fund is authorized to pay the incentive fee of \$4,500,000 to AMB Realty Advisors.

Adopted by:
Investment Committee

on

James D. Mosman
Chief Executive Officer